EAGLE CREST ENERGY COMMENTS ON CTPG 2011 WORK PLAN

Eagle Crest Energy (ECE) offers the comments in this document in response to the CTPG's request for feedback on development of its 2011 Work Plan.

ECE is developing a 1400 MW pumped storage hydroelectric project in southern California, near Desert Center. This project would provide the CAISO, and potentially the rest of the state, with a valuable tool for integrating 33% renewable energy while maintaining reliable grid operations.

Our comments request that the CTPG reconsider its past position to consider only renewable-energy resources, and not the resources needed to integrate them reliably into the grid, in its transmission-planning efforts. Integration resources, like pumped storage, should be included in the CTPG's studies for the following reasons:

- ***The CAISO and other California BAAs will need flexible resources*** to manage the increasing amount of renewables on the system. Past CAISO studies have shown, and simple common sense would dictate, that the CAISO will need considerable additional flexible resources on its system to manage the large volume of expected renewable intermittent capacity, especially in light of the likely impairment or retirement of Once-Through Cooling (OTC) gas-fired plants, which provide much of the flexible generation on the CAISO system today.

- ***The CTPG assumptions are inconsistent with new CAISO Transmission Planning Process (TPP) provisions.*** New CAISO Tariff Section 24.4.4.6 ("Policy-Driven Elements") refers referring specifically to consideration of the following in determining the need for "Category 1" transmission elements:

  …The potential for a particular transmission element to provide access to generation and non-generation resources needed to support renewable integration (e.g., pumped storage)… *(emphasis added)*

  The CAISO is the largest CTPG member. Inconsistencies between fundamental CAISO and CTPG assumptions would seriously impair the usefulness of the CTPG analyses and require the CAISO to perform supplemental analyses to make up for the CTPG deficiencies.

Moreover, failure to consider non-renewable resources (integration or other resources) in the statewide plan could significantly impact transmission available for renewable energy, and thus jeopardize attainment of a 33% RPS. Once transmission is constructed, it would be available for use by any generation under CAISO open-access rules.

Thus, failure to plan for upgrades to accommodate non-renewable generation now could increase congestion wherever non-renewable generation might compete for transmission capacity with renewable generation, including the transmission path that would be used for ECE's project output. At a minimum, the CTPG should run sensitivity analyses that consider large non-renewable resources in its members' interconnection queues that could significantly impact study results.

In those analyses, pumped storage resources should be studied both as generation and as load, i.e., as potential temporary or permanent substitutes for transmission if they are located in renewables-heavy areas or along renewables-heavy transmission corridors. For example, ECE's project might substitute for some of the West-of-Devers upgrades for renewable-energy projects, instead of triggering more of them.